

DEPARTMENT OF HOMELAND SECURITY
ICE

REPORT OF INVESTIGATION

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| 1. TECS ACCESS CODE 3 |
| 2. PAGE 1 |
| 3. CASE NUMBER GM08NE05GM0001 |

4. TITLE: DAI XIAO JUN ET AL.

5. CASE STATUS: INTERIM RPT

6. REPORT DATE 072805	7. DATE ASSIGNED 061305	8. CLASS 1	9. PROGRAM CODE 830	10. REPORT NO. 002
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11. RELATED CASE NUMBERS: 200528091008210

12. COLLATERAL REQ:

13. TYPE OF REPORT:
 INVESTIGATIVE FINDINGS
 SEARCH WARRANT REPORT /

TOPIC: CONTROLLED DELIVERY OF VIAGRA AND SEARCH WARRANT RESULTS

14. SYNOPSIS:

On June 12, 2005, the CBP Mail facility in San Francisco discovered 2.75 kilos of counterfeit Viagra inside a DVD player in an Express mail parcel sent from Zhu JUN, No. 19 Wen Yi Road, Shene District, Shen Yang, China to Chen JIAN, PO Box 10002 PMB 212, Saipan, CNMI. The parcel was forwarded to ICE RAC/Guam for controlled delivery.

On June 29, 2005, ICE RAC/Guam, assisted by US Postal Inspector, CNMI Customs and Immigration, and DEA Saipan, conducted a successful controlled delivery of the counterfeit Viagra resulting in the arrest of Dai Xiao JUN, aka Xiao Jun DAI and the seizure of 1.66 kilos of marijuana, \$11,945 in cash and evidence of trafficking in counterfeit Viagra. This ROI details that seizure.

15. DISTRIBUTION: RACGM SACHL CABJ	16. SIGNATURE: GOWARD	MATTHEW L SENIOR SPEC AGENT
	17. APPROVED: ROBERTSON	ROBERT D RAC-RESIDENT AGENT IN
	18. ORIGIN OFFICE: GM GUAM - RAC	19. TELEPHONE: 671 472 7265
		20. TYPIST: GOWARD

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EXHIBIT A

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DETAILS OF INVESTIGATION:

1. On June 12, 2005, the CBP Mail facility in San Francisco discovered 2.75 kilos of counterfeit Viagra inside a DVD player in an Express mail parcel sent from Zhu JUN, No. 19 Wen Yi Road, Shene District, Shen Yang, China to Chen JIAN, PO Box 10002 PMB 212, Saipan, CNMI. The parcel was forwarded to ICE RAC/Guam for controlled delivery. The Viagra was removed from the package and replaced with a sham product made of M&M's. The package was then reassembled to approximate it's original condition.

2. On June 29, 2005, a briefing was held in the DEA conference room regarding the controlled delivery. In attendance at the briefing was SSA Matt Goward, SSA John Duenas, ICETFA Erwin Fejeren, ICETFA Barbara Tayama, Postal Inspector Craig Hales, DEA Agent Danny Cho, DEA Agent Bill Fiebig, DEATFA Ray Rengual, DEATFA Albert Taitano, DEATFA Albert Palacios, DEATFA Bernard Santos, DEATFA Danny Punimata, and Department of Labor and Immigration Major Ed Cabrerra.

3. On June 29, 2005, the package was prepped for controlled delivery, reconstructed into its approximate original appearance, and placed in the bin for PO Box 10002, belonging to a Commercial Mail Receiving Agency (CMRA) known as BBB, a.k.a. Golden Crown Market. The package was placed in the bin at approximately 1200 hours by PI Craig Hales. PI Hales observed the CMRA representative come to the box and pickup the mail designated for the CMRA. PI Hales observed the CMRA representative pickup the express mail package and place it inside a beige colored Toyota van and drive away from the US Postal Facility.

4. Surveillance units observed the beige colored Toyota van drive north on Beach Road towards the Garapan, Saipan area. The van then turned right onto Navy Hill road and came to stop in front of the Golden Crown Market. The CMRA is located inside the Golden Crown Market. SSA Goward and TFA Tayama observed the package being unloaded from the van and taken into the Golden Crown Market.

5. At approximately 1755 hours Major Ed Cabrerra observed a male subject, dressed in black riding a bicycle arrive at the Golden Crown Market. Major Cabrerra was able to identify the subject as Dai Xiao JUN, a person that is listed on Postal Form 1583 as receiving mail at box 212 from the CMRA. Several minutes later Dai Xiao JUN was observed leaving the CMRA with the package. Surveillance units followed Dai Xiao JUN as he traveled south on Navy Hill road towards the Hyatt hotel. JUN was then observed turning left down an alley and towards the Promenade area across from the Dai Ichi Hotel. JUN was then observed going inside the Liao Ti Tour agency business located in the Promenade area. Agents followed JUN into the business a few minutes later to and surmised that he had absconded through a secret door hidden behind a

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mirror in the rear of the business.

6. A search of the area and questioning of a female subject, later identified as Huang Min HUI, in the Liao Ti business led Special Agents to an apartment above the Guang Zhou restaurant at the corner of Date street and Coral Tree avenue, directly across from the Dai Ichi hotel. Huang Min HUI directed agents to apartment B-3 located at the top of the stairs. On arriving at the apartment DEATFA Albert Palacios observed a pair of shoes that were similar to the ones being worn by JUN outside of the door. SSA Goward and SSA John Duenas, aware that the package and DVD player had been opened and was inside apartment B-3, knocked on the door and announced their presence numerous times. SSA Goward heard someone moving around inside the apartment and in an effort to preserve the evidence from being destroyed forced entrance into the residence.

7. After gaining entrance into the residence, SSA Goward observed JUN in the bedroom of his apartment. After securing JUN, a safety sweep was made of the apartment for other subjects and dangerous weapons. During the sweep, SSA Goward observed portions of the sham Viagra tablets on the desk in the bedroom, along with labels marked Viagra, and prescription bottles on the bed.

8. An ultraviolet light examination of JUN's hands by TFA Erwin Fejeran revealed the presence of "Clue" spray that had been applied to the sham packages. The "Clue" spray had been applied to the packages prior to the delivery to the CMRA and shows that JUN had handled the sham packages.

9. At approximately 2200 hours on June 29, 2005, SSA Goward obtained a Federal search warrant for the JUN's residence. During the execution of the search warrant, SSA Duenas and TFA Fejeran found the express mail package that had been delivered to the CMRA in JUN's bedroom near the closet. SSA Duenas observed that 9 of the sham Viagra packages had been removed from the package and placed inside a plastic bag inside the closet and the other 2 were found on top of a desk in JUN's bedroom.

10. A search of the refrigerator in the kitchen by CNMI Customs Agent Albert Palacios revealed 9 large ziplock bags of a green leafy substance that was identified by Agent Palacios as being marijuana. Also found were 7 smaller bags containing 5 rolled marijuana cigarettes each. Also discovered at the residence were Zig Zag rolling papers, which were used to make the cigarettes.

11. During a search of JUN's bedroom, SSA Duenas and TFA Fejeran found numerous prescription bottles labeled with Viagra. SSA Duenas and TFA Fejeran also found numerous unlabeled bottles consistent with the type used to package

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Viagra. Labels were also found in the bedroom that had been printed with the Viagra information along with the Viagra fact sheets and Viagra quality seals.

12. A total of \$10, 781 in U.S. currency, a travelers check to \$20 and 135,000 Japanese Yen were seized. The Yen was converted to \$1,164.07 bring the total dollar value seized to \$11,945. Also found were bank receipts from the Bank of Hawaii showing deposits of several thousand dollars. Listed below is a breakdown of where the money was found and by whom.

- A. ICETFA Erwin Fejeran found \$6,821 on JUN's person and in his wallet.
- B. ICETFA Erwin Fejeran found \$3,850 in JUN's bedroom closet.
- C. ICETFA Erwin Fejeran found \$90 in a pink can on top of the desk in JUN's bedroom.
- D. SSA Matt Goward found a \$20 traveler's check in the second bedroom.
- E. ICETFA Erwin Fejeran found 135,000 Yen on JUN's person and wallet.

13. SSA Duenas and TFA Fejeran also found two passports belonging to a Huang Min HUI and Yan Sen Hua in JUN's apartment.

14. On reviewing some of the documentary evidence, SSA Goward found another EMS delivery label attached to a box containing the prescription bottles. The EMS label # EA663224385CN was addressed to Chen JIAN or Jun Xiao DAI at PMB 212, PO Box 10002, Saipan, USA. A DHL envelope was also found that contained more Viagra labels and Viagra fact sheets. The DHL envelope was addressed to PMB 212, PO Box 10002, Saipan, USA with a contact person of Dai Xiao JUN and a phone of 670-287-8824. This phone number matches the phone number of the cell phone that was on the person of JUN at the time of his arrest.

15. The following items were seized as evidence:

- 1.66 Kilos Bulk Marijuana found in refrigerator (Albert Palacios)
- 38.7 grams Marijuana Cigarettes found in refrigerator (Albert Palacios)
- 27.4 grams Marijuana found in bedroom (John Duenas)
- Express Mail Parcel found in bedroom closet (Erwin Fejeran)
- Bag w/2 Sham Packages found on desktop in bedroom (John Duenas)
- Bag w/9 Sham Packages found in closet in bedroom (E. Fejeran)
- Bag w/13 Bottles and 3 ziplock bags w/Viagra found in bedroom

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- closet (Erwin Fejeran)
- DHL Envelope w/Labels in bedroom closet (Erwin Fejeran)
 - Box of Plastic Bottles in bedroom closet (Erwin Fejeran)
 - Bag of Bottles and Caps
 - Ziplock Bag w/Seals in bedroom closet (Erwin Fejeran)
 - Envelope w/ Viagra fact sheet in bedroom closet (Erwin Fejeran)
 - Ziplock Bag w/ 1 Viagra pill and fact sheet in desk drawer in bedroom (Erwin Fejeran)
 - Box of Plastic bottles in bedroom closet (Erwin Fejeran)
 - Box of Zig Zag papers underneath desk in bedroom (E. Fejeran)
 - Packages of Zig Zag papers on desk in bedroom (Erwin Fejeran)
 - Miscellaneous Ziplock bags in bedroom closet (Erwin Fejeran)
 - Fujitsu Laptop found in second bedroom (Matt Goward)
 - Bag of Miscellaneous Documents from second bedroom (M. Goward)
 - Passports and Training Certificate belong to Yang Sen Hua in bedroom closet (Erwin Fejeran)
 - Chinese Passport belonging to Huang Min Hui in bedroom closet (Erwin Fejeran)
 - Bag w/ Viagra Fact sheets in bedroom closet (Erwin Fejeran)
 - 2 bottles Viagra / Miscellaneous documents in bedroom closet (Erwin Fejeran)
 - Miscellaneous documents from wallet / phone (Erwin Fejeran)
 - \$6,821 in US Currency found on JUN's person (Erwin Fejeran)
 - \$3,850 in US Currency found in JUN's bedroom closet (Erwin Fejeran)
 - \$90 in US Currency found in pink can on desk in JUN's bedroom (Erwin Fejeran)
 - 135,000 Yen (converted to US Currency to total \$1,164.07) found on JUN's person (Erwin Fejeran)
 - \$20 US Travelers check found in second bedroom (SSA Goward)

Investigation continues.

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